

Appln No. 10/826,590

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Amendments to the Specification:

On page 8, line 13, please amend the paragraph as follows:

FIG. 5 is a side view of the improved stern drive wherein gear sets and a vertical shaft are disposed within the hull of the vessel and used to connect the engine driveshaft with the upper driveshaft; and

FIG. 6 is a side view of a further embodiment of an improved stern drive wherein the stern drive is in a substantially horizontal position.

On page 15, line 3, please add the following paragraph:

FIG. 5 shows the water intake 76 routed directly through the hull of the vessel 40. A water pump 75 is connected to the water intake 76. The water pump 75 is in turn connected to a cooling system 79 connected to the engine 50.

On page 15, line 13, please add the following paragraph:

FIG. 6 shows a side view of a further embodiment of an improved stern drive wherein the stern drive 60 is in a substantially horizontal position.